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Elements for inclusion in a declaration of UNCTAD II with respect to trade expansion and economic integration among developing countries

Submitted by the representative of the Ivory Coast at the 10th meeting of the Working Group II on behalf of: Algeria, Burundi, Chad, Congo (Democratic Republic of), Ivory Coast, Liberia, Madagascar, Nigeria, Republic of Tanzania, Tunisia, United Arab Republic, Uganda, Burma, Ceylon, Iraq, India, Iran, Republic of Korea, Malaysia, Pakistan, Philippines, Syria, Argentina, Bolivia, Brazil, Chile, Colombia, Guatemala, Mexico, Uruguay and Venezuela.

A. Introduction

1. The developing countries reaffirm that trade expansion and economic co-operation among themselves is an important element of global strategy for development, and they are therefore determined to make their own contribution toward the fulfilment of the objectives of UNCTAD by stepping up their efforts in this respect.

2. The developed countries should state that they share the conviction that the expansion of trade and economic co-operation or integration among developing countries is an essential element for the economic development of these countries and forms part of an evolving global strategy for development. They should recognize that the improvement of mutual market access and the creation of multi-national markets among developing countries would in appropriate cases stimulate the establishment of new industries, the fuller use of existing productive capacities as well as the utilization of specialization opportunities in industry and agriculture, and that it would contribute to the diversification of the exports of the developing countries, both commodity-wise and geographically, as well as enhance industrial efficiency, a condition for successful export efforts to all the developed world. The developed countries should therefore, state their conviction that the efforts undertaken in this field by the developing countries would lead to a more rational use of the internal and external resources available for development as well as to an increase in world trade.

3. Such arrangements for increasing trade among developing countries should in no way be regarded as lessening the need for opportunities for larger and more remunerative volumes of exports to the developed countries.

4. Developed countries should acknowledge the need for diversity in the choice of methods of economic co-operation based on the specific circumstances and the politica will in each grouping. The choice of both the method and the scope of programmes fo economic co-operation should be recognized as being a matter entirely for the decision of the developing countries concerned.

5. Developed countries should affirm their support for the limited schemes of trade liberalization and industrial co-operation, and for the step-by-step approach to economic integration. They should undertake to provide support for joint programmes and projects among groups of developing countries not only in the field of trade expansion but also in other aspects of their economic policies.

6. Developed countries should take note of the various obstacles, identified at this Conference, in the way of the implementation of the further measures of integration and trade expansion which the developing countries have indicated their intention to embark on in the future. Developed countries should recognize among others the difficulties arising from:

(i) the inadequate physical and commercial infrastructure available to serve trade among developing countries;

(ii) the restraint arising from inadequate foreign reserves to cushion the temporary imbalances that may result from increasing their imports from each other;

(iii) inadequate financial and technical support for the elaboration of multinational projects and policies:
and

(iv) the insufficiency of financial resources, especially in the hands of regional and sub-regional banks, to finance multinational projects to develop the infrastructure and productive capacity of co-operating countries, to adapt existing productive enterprises to more competitive conditions, to ensure adequate opportunities and benefits within a balanced development for the participating least developed countries and to strengthen domestic enterprise so that it can benefit from the enlargement of the market.

7. The developed countries should subscribe to the conclusion that "the availability of appropriate external financing and technical assistance would be an important contribution for enabling developing countries to achieve more rapid progress in trade expansion and integration efforts" (Charter of Algiers).

B. Specific measures of support

I. Measures in the field of commercial policy

1. Developed countries should make a commitment that they will accept, without taking countervailing measures, agreements between groups of developing countries on tariffs and quotas which impinge on preferential advantages at present accorded to them, on a contractual or non-contractual basis, by the developing countries concerned.

2. With a view to facilitating the rapid implementation of agreements reached among developing countries in undertaking schemes of trade expansion and economic integration and involving derogation of the MFN principle:

(i) developed countries should give an assurance that the agreements reached as a result of the multilateral negotiations among developing countries, presently initiated, will be allowed to be implemented without delay;

(ii) developed countries should also declare their support for selective arrangements for the liberalization and expansion of trade among developing countries which stipulate:

(a) that other developing countries could negotiate their participation in these arrangements on the basis of mutual benefit, and

(b) that the arrangements make adequate provision for prompt remedial action in case of damage to the exports of other developing countries arising out of the implementation of such agreements.

3. Developed countries should take the appropriate measures to facilitate the removal of restrictive commercial practices, such as those arising from the internal sales policies of private enterprises and from the restrictions on the use of franchise rights which inhibit access of the products of industry in one developing country to the markets of its partner countries. Developed countries will take measures to

facilitate the removal of such restrictions which are imposed by enterprises domiciled in their territory.

II. Measures in the field of finance and credit

1. Developed countries should undertake to supply such additional resources to regional and sub-regional financing institutions as will enable them to institute or expand their support to multinational and economic co-operation.

2. Measures should be taken to encourage and enable the multilateral financial institutions to extend support to schemes of regional co-operation and multinational projects both directly and through regional and sub-regional financial institutions.

3. In order to increase the effectiveness of integration schemes and to assure financial support for them on a steady basis, the developed countries should agree to participate in establishing appropriate consultative arrangements when a group of developing countries request it.

4. Developed countries agree to relax conditions presently attached to aid granted by them to developing countries in order to allow use of aid funds for promoting trade exchanges among developing countries.

5. Where institutions for credit and insurance which are domiciled in developed countries operate in developing countries, no regulations in the country of origin should inhibit them from taking steps in the field of credit and insurance to facilitat exports from the developing countries.

6. The developed countries should:

(i) recognize the utility of establishing adequate multilateral arrangements in matters of payments and agree to support financially such arrangements for solving the problems of temporary imbalances in the external trade of developing countries arising from an increase of trade due to the implementation of trade expansion and economic integration schemes; in this regard, the concerned international financial institutions should also be enabled to extend the necessary support to such arrangements;

(ii) support a request to the Secretary-General of UNCTAD to convene a meeting of governmental representatives to consider how international financial support might be extended to multinational payments schemes connected with programmes for the expansion of trade among developing countries.

III. Measures in the field of technical assistance

1. The developed countries should undertake to supply technical assistance under international auspices for the preparation of multinational projects in order to facilitate agreement among groups of developing countries that request it. This assistance should be given among others to the establishment of export industries and for export promotion programmes for facilitate the marketing of the products of these industries in other countries, for the preparation of multinational projects in the field of transport and communications, and for the promotion of multinational programmes of manpower development and research as appropriate.

2. Developed countries should give special assistance for surveys of natural resources and for the preparation of studies of investment projects in connexion with programmes of trade expansion and economic integration among developing countries.

3. The developed countries should undertake to give technical assistance to the developing countries in the establishment of institutional arrangements for economic co-operation.

4. Developed countries should declare their readiness to examine the granting of additional funds specifically earmarked for supporting technical assistance and studies in the field of trade expansion and integration among developing countries in connexion with concrete negotiations among developing countries. The UNDP should be requested to set aside sufficient funds for technical assistance and feasibility studies in this field.